RAJYA SABHA

Wednesday, the 22nd *February,* 2006/3 *Phalguna,* 1927 *(Sake)*

The House met at eleven of the clock,

MR. CHAIRMAN in the Chair.

MEMBER SWORN

Dr. (Shrimati) Kapila Yatsyayan (Nominated))

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ORAL ANSWERS TO QUESTIONS

Fall in prices of **pepper, cardamom and rubber**

*61. SHRI K. CHANDRAN PILLAI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the prices of pepper, cardamom and rubber have fallen;

(b) whether the import of these produces through the concessional duty route has made adverse impact on the price level of the indigenous produces;

(c) whether Government made proper evaluation of the situation;

(d) if so, the details thereof;

(e) whether Government propose to impose restrictions on the import of these produces; and

(f) if not, the reasons therefor?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) The prices of pepper and cardamom in the domestic market have declined over the past three years in tandem with the fall in international prices of these commodities. However, there has been an increase in the price of rubber.

(b) No, Sir.

(c) Yes, Sir. The Government of India is aware and periodically reviews the situation,

(d) to (f) A Statement is laid on the Table of the House.

Statement

Fall in prices of Pepper, Cardamom and Rubber

(d) There is no irrefutable evidence that pepper from other origins is routed through Sri Lanka for duty-free export to India. In this regard, the Government of India has proposed to the Sri Lankan authorities that duty free imports into India should be accompanied by the Country of Origin Certificates issued by a competent authority in the Sri Lankan Government.

Natural rubber is included in the list of sensitive items of import and its import is monitored on a daily basis by the Government.

(e) and (f) The Government of India has already imposed restrictions on the import of pepper. These are:

(i) Duty-free import of pepper for re-export purpose through fresh Advance Licenses has been discontinued with effect from 14.12.2004 except for light pepper required by the oleoresin industry for re-export.

(ii) Sale of processed pepper products in the Domestic Tariff Area by 100% Export Oriented Units has been banned.

(iii) Current imports on the basis of Advance Licenses issued prior to the ban for re-exports would be allowed only if value addition is at least 15% and if exports are completed within 90 days of customs clearance of the imports.

In so far as cardamom is concerned, the Government of India has taken the following measures:

- The import duty on cardamom has been increased from 35% to 70% from the year 2002-03.
- To regain the lost market in the Middle East region, an air freight subsidy was given on exports to make cardamom exports from India competitive.

- Department of Revenue Intelligence has been alerted to be vigilant to curb smuggling of cardamom into India. Preventive measures have been taken for possible illegal import of cardamom from Guatemala.

There are no restrictions on the import of natural rubber. With effect from April, 2001, quantitative restrictions on import of natural rubber have been removed. However, certain port restrictions were in place which have also been removed since 6.8.2004. International prices of rubber are prevailing much higher than the corresponding domestic rubber prices.

SHRI K. CHANDRAN PILLAI: Mr. Chairman, Sir, I want to seek, through you, some clarifications from the Minister. At the recently concluded WTO Hong Kong Ministerial Meeting there was a declaration which relates to automatic tariff escalation mechanism for certain items. The imports are taking place and consequently the prices are falling. The three items are Special Products, Special Sensitive Products and Special Safeguard Mechanism. My question is: Is the Government initiating steps to include cardamom, pepper and rubber in the category of section 7 of the WTO Hong Kong Ministerial Declaration?

SHRI KAMAL NATH: Sir, there are two provision in the WTO Agreement at the recently concluded Ministerial Meeting at Hong Kong that provides for Special Products and Special Safeguard Mechanism. The Special Safeguard Mechanism provides for both quantity and price figure, whereas Special Products are based on livlihood security, rural development and food security. The discussions on the products that would be included in this are currently on. it is based on self-selection, but we have to agree on the basis. Of course, it shall be over endeavour to see the sensitive products which impact the farmers in India are included in the safeguard measuers which are provided in the Agreement.

SHRI K. CHANDRAN PILLAI: Sir, he has given a somewhat detailed answer. But I want a little bit more clarification regarding these three items. One is regarding cardamom black-marketing. It is a fact that it is happening through Nepal from Guatemala. But in the answer he has stated that certain measures have been initiated. I want to know the concrete measures initiated by the Government in that regard. As regards the question of pepper, Sri Lankan pepper is coming. The Minister's answer says that there is no irrefutable evidence for establishing that its origin is from Sri Lanka. It may be factually right according to the document. But the

real point is that pepper is coming from Sri Lanka. It may be originating from other countries. In such a case what best we can do to save our pepper cultivators. This is a very important question. That is a very important question. Thirdly, rubber prices are now going up. I agree. But there is no guarantee that the price is maintained. In such a case, are we thinking in terms of putting a ban on the import of rubber? Sir, I am actually seeking a positive answer from the hon. Minister on the question of putting a ban on the import of rubber.

SHRl KAMAL NATH: Sir, Yes, pepper is coming from Sri Lanka. Pepper is not only coming from Sri Lanka, but from Vietnam and Indonesia also. Under the Free Trade Agreement with Sri Lanka, 4,800 tonnes of pepper has been corning to India over the last so many years. There is higher quantity, that is 10,000 tonnes which is coming from Vietnam and 2,100 tonnes is coming from Indonesia. But the overall picture really is not necessarily confined to these imports The pepper which comes from Vietnam and Indonesia is for oleoresins; it is a low quality pepper for oleoresins. Over the years, the pepper which comes from Sri Lanka has not necessarily led to a depression in prices. The depression in prices is tagged with the international scenario. The international scenario being that there was a very substantial increase in production from Vietnam. That has led to a depression in prices. We used to be an exporter of pepper. Now our export of pepper has substantially gone down. Our world share has gone down very, very substantially. That is another reason. Now a large part of our pepper is consumed in our own country. So the prices in India are domestic-driven.

There is a similar situation with cardamom. Import of cardamom has taken place. But now there is 290 tonnes of cardamom import as against 323 tonnes in the year 2002-2003. The Government is concerned about the prices. But the Government has taken certain positive steps. One is, advance licence for duty free import of pepper has been suspended. This was one method of leakage which was happening. The sale proceeds of pepper by the export-oriented units in the domestic tariff area has been banned. Then subsidy was announced in October at the instance of the Government of Kerala. A subsidy of Rs. *71*- per kilogram was accounced, which" is WTO compatible in the form of international freight and internal transport subsidy, as one time measures. This has led to an increase in prices. The price of pepper has increased. The impact of this subsidy is

being felt. So far as cardamom is concerned, Sir, undoubtedly again this is linked to global supply position, The Spices Board has extended freight subsidy from the Cardamom Development Fund. It has also been increased to Rs. 45/- per kilogram. The Spices Board is putting up a brand name. Now we are trying to see that our spices are recognised the world over by a brand. A brand has been created called 'Flavorit' which has cardamom in it.

So far as rubber is concerned, rubber prices are high. Now, it is not possible for me to say that rubber prices will remain high. We will closely watch the situation. As and when it is called for, the Government will consider as to what can be done.

DR. (SHRIMATI) NAJMA A. HEPTULLA: Sir, my question to the hon. Minister is: Is it a fact that under the Free Trade Agreement with the SAARC countries, we are buying palm oil which originally comes from Malaysia to Sri Lanka and with duty added on it, it is being exported to India free of duty? It is causing a havoc to the mustard growers, especially in Rajasthan. Is it a fact that many oil mills are closing down in Rajasthan? What is the view of the Government in this regard? Are you going to change it?

SHRIKAMAL NATH: Sir, we move to mustard, from pepper, cardamom and rubber on which this question is based. But I will endeavour to answer hon. Member's question. It is true that the mustard crop is coming

सभापति : राजस्थान का सवाल है ।

श्री कमल नाथ : अगर वे राजस्थान का प्रतिनिधित्व कर रही है तो मुझे कोई एतराज़ नहीं है । पर प्रश्न है, The issue, Sir, is mustard. Mustard's carry-over stocks from last year are very substantial. In fact, the Government has not been able to dispose of the stocks of last year. The Government has considered this. That is why I am able to answer this part of the supplementary. And, looking at ways to evacuate the huge stocks of mustard that we have in the current crop, it would not create difficulty for the farmers

MR. CHAIRMAN: Dr. K. Malaisamy....*(Interruptions)*

DR. (SHRIMATI) NAJMA A. HEPTULLA: He did not answer my supplementary. I am not talking about clearance of mustard which is lying in stok since the last year. I am talking about your Free Trade Agreement

with Sri Lanka, with the SAARC countries. Are you going to change the policy? I am talking about the policy. I am not talking about lifting of stocks. The Agriculture Ministry not your Ministry, will do that.

SHRI KAMAL NATH: We have a Free Trade Agreement with Sri Lanka entered four or five years ago, and Vanaspati is also included in that. The point is that under the Free Trade Agreement pertaining to Vanaspati, there have been reports of Indian enterpreneurs setting up units in Sri Lanka, importing CPO from Sri Lanka under no or very little duty and then exporting it duty-free. This has put the Vanaspati industry into difficulty. We are in discussions with the Sri Lanka Government about this.

DR. K. MALAISAMY: Sir, as the House is aware, the paramount responsibility of any State is to ensure availability and affordability of any commodity. The question of price comes in when we talk about affordability. Can we have a very simple policy of imports arid exports to the extent that whenever we are in surplus, whenever we have an optimal situation, the imports can be totally banned? On the other hand, when we are deficient in supply, -it is a question of demand and supply - we can keep the" import policy flexible in such a way and imports can be done to the extent necessary. So, can we not have a simple easy philosophy which everyone can understand?

SHRI KAMAL NATH: Sir, he wants the import and export policy to be so simplisticaily put. Now, the hon. Member's concerns, I think are in deference to pepper and cardamom. We have a 70 per cent duty on pepper and cardamom. There has been only one issue as to whether the prices have gone down. In fact, he is talking about price rise, while another hon. Member wants that that the prices should be high.

MR. CHAIRMAN: The question is about the policy...

SHRI KAMAL NATH: The question is to find a right balance. We want a high price for the farmers, and a low price for the consumers.

श्री सभापति : मंत्री महोदय, क्वेश्चन पॉलिसी का पूछ रहे हैं। आप हां या न कह दों, खत्म हो गया **...(व्यवधान)...**

SHRI KAMAL NATH: As far as the policy is concerned, the Government reviews the policy, from time to time, depending on the market situations.

SHRI N.K. PREMACHANDRAN: Sir, the State Government has made a request to place pepper in the list of restricted items in the Indo- Sri Lanka Free Trade Relations, and the Government has already submitted a proposal to the Government on India. I would like to know what the position now is whether the Government is considering that proposal. I would also like to know from the hon Minister...

MR. CHAIRMAN: You have put your supplementary.

SHRI N.K. PREMACHANDRAN: Regarding import of natural rubber, a day-to-day monitoring mechanism is there. I would like to know whether that would be extended to pepper and cardamom as well.

SHRI KAMAL NATH: Pepper and cardamom are also being monitored very carefully because pepper is a sensible item and, as I said, we also gave subsidy, a couple of months ago, of Rs. 7 as a one-time measure which immediately led to an increase in prices. Sir, we have an agreement with Sri Lanka. Now this is not an agreement where we can keep re-negotiating. We are in discussion with them. When we did take it up. They were concerned about it. And we will continue taking this up with them.

SHRI A. VIJAYARAGHAVAN: Sir, the answer is very good. But, unfortunately, the impact of whatever steps have been taken by the Government has not been positive. With regard to pepper as well as cardamom, the price has not increased. They had taken this step two years back. But if we look at the market rate which is prevailing today, we will find that it has fallen sharply, from Rs 23, 000 to Rs. 6,700 per quintal for pepper, and with regard to cardamom, it is the lowest ever price, Sir.The farmer needs a higher price. Unfortunately, the Government has failed to take measures to ensure a minimum price to the farmer. Similarly, with regard to pepper and cardamom, the Government earlier had a discussion with the farmers and the agencies which are related to this sector. With regard to pepper that had been done, but with no result. With regard to cardamom, here, there was an assurance given by the Government that they were going to discuss with the farmers, the traders and the interested parties about the total fall in the price of cardamom. Sir, it is the lowest ever price in the history of this industry. It is a cash crop. It is not for the day-to-day consumption of the people. There is a sharp fall. What would be the steps taken by the Government to ensure, at least, some assistance

to the farmers? whatever was said was not sufficient. So, would you go back to the assurance given earlier and tell us whether the Government is going to fulfil it and what steps have been taken by the Government?

SHRI KAMAL NATH: Sir, there are two important issues to remember. One is that our share in the global market for pepper and cardamom, as the hon. Member knows, was very high. Our share has declined because of new competition from Vietnam and Guatemala. This is a fact of life which we have to accept. Guatemala and Vietnam became major producer, one for pepper and the other for cardamom. The fact is there.

SHRI A. VIJAYARAGHAVAN: But, quality-wise, ours is the better one.

SHRI KAMAL NATH: That is the niche. It is because of the niche in pepper, a high-quality pepper, because of which we are still able to export about 29 or 30 per cent to the United States and E.U. If we did not have that niche, even that would not have happened. So, Prices have gone down undoubtedly. But, over the last few months, and compared to the same period last year, prices in pepper have been five rupees higher. We have also given a subsidy. Where cardamom is cocnerned, again the issue is the same; this was the queen of spices and we were great exporters of it and now with Guatemala coming into the picture, and out having huge production with carry-forward stocks, the situation is different. We understand carry-forward stocks may be 50,60 or even 70 thousand tonnes; again that has to have domestic consumption. Domestic consumption has to absorb what is not being exported.

MR. CHAIRMAN: Thank you Mr. Narayanasamy.

SHRI A. VIJAYARAGHAVAN: No. no, Sir. What about the assurance given last time? *(interruptions)*

SHRI KAMAL NATH: I cannot given an assurance. But all I can say is...

SHRI A. VIJAYARAGHAVAN: This is not a simple thing, Sir. it is very difficult thing. Lakhs of people are facing problems. Something should be done. This is Parliament. What is the need of Parliament, if we go on like this? What is the approach of the Government? You have to give the minimum price, at least. What is this? Fifty thousand workers, one lakh farmers are going into starvation. Something should be done. The farmers are dying. ...*(Interruptions)*...

SHRIC. RAMACHANDRAIAH: The Governemnt has to intervene, Sir. What is the difficulty? ...*(Interruptions)*...

SHRI K. CHANDRAN PILLAI: Yes, they cannot express their inability. ...*(Interruptions)*...

SHRI N.K. PREMACHANDRAN: The Government must do something. ...*(Interruptions)*..

SHRI NILOTPAL BASU: Sir, please consider a suggestion, and the Government also can consider it, because their is a crisis. Earlier also, in certain crisis, we had formed committees of Parliament. Together with that, the Government can look into as to how it can be tackled. If the Government agrees and, Sir, if you agree, we can have a small committee of Parliament to go into the whole thing.

SHRI KAMAL NATH: Sir, infact, I had said that I would be happy to sit with the hon. Members.

MR. CHAIRMAN: That is right.

SHRI KAMAL NATH: I fixed a date also. I do not want to say; but some of the Members --and I do not want to name them -said that the date did not suit them; somebody said that that date did not suit him. So, I could not have the meeting. Now...

MR. CHAIRMAN: You fix the date and convey it to them.

SHRI KAMAL NATH: Sir, I fixed a meeting. I did fix the date. But some of the Members said that it did not suit them. ...*(Interruptions)*...

SHRI K. CHANDRAN PILLAI: That cannot be the excuse for...

SHRI A. VIJAYARAGHAVAN: You have to call the representatives of the farmers also.

MR. CHAIRMAN: You sit with them.

SHRI KAMAL NATH: Sir, I will have a meeting with the various stakeholders shorty.

MR. CHAIRMAN: Including Mr. Narayanasamy. ...*(Interruptions)*...

SHRI V. NARAYANASAMY: Sir, I have got a small suggestion. The hon. Minister is aware of the fact that the production of cardamom and

pepper in Kerala is decreasing because the farmers are not getting adequate support price from the Government and they are not getting good price in the market. The hon. Members have shown their anguish because the farmers are suffering. As far as rubber is concerned, the quality of rubber produced in India is better than the rubber being imported from abroad. As a result of this competition, prices of our rubber are going down. This is the issue which has been raised by the hon. Members. Sir, the Cardamom Board is there.

MR. CHAIRMAN: I will request the hon. Minister to also invite you in that meeting. ...*(Interruptions)*...

SHRI V. NARAYANASAMY: Sir, my question is this. Before holding that meeting will the Minister increase the support price? ...*(Interruptions)*... Sir, the cabinet minister is capable of replying. But, why can't the Minister of State present here reply to my point ...*(Interruptions)*... He is also capable of answering my question. ...*(Interruptions)*...

MR. CHAIRMAN. Please take your seat ...*(Interruptions)*... please take your seat ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: Yes, he is also a very competent person. ...*(Interruptions)*...

MR. CHAIRMAN: Please take your seat Next question. Shri R.K. Anand.

Availability of **skilled Engineers for IAF Aircrafts**

*62. SHRI R.K. ANAND:tt
SHRI SANTOSH BAGRODIA:

Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that a recent study by Indian Air Force has attributed poor maintenance and technical flaws as major factors for air crashes;

(b) whether the country have sufficient availability of highly skilled aeronautical engineers to manufacture and maintain wide spectrum of aircrafts with IAF;

(c) whether the standard of training and skill match the increasing requirements of the Indian Air Force;

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††The question was actually asked on the floor of the House by Shri R.K. Anand.